

**20 May 2020**

**To the Bondholders of:**

**ISIN: FI4000306808 Zsar Oy (previously East Finland Real Estate Oy) up to EUR 10,500,000 Junior Secured Callable Bonds 2018/2022 (the “Bonds”)**

Dear sirs and mesdames,

We refer to:

- (a) the Bonds;
- (b) Terms and Conditions of the Bonds originally dated 14 February 2018 and as amended and restated by way of a Written Procedure finalized 6 May 2019 (“TCs”);
- (c) loan agreement evidencing the Senior Bank Debt (as defined under the TCs) (“**Senior Loan Agreement**”); and
- (d) a notice of default dated [15.5.2020] *from* the Senior Lender *to* among others (i) the MREC (as defined in the TCs) as borrower (“**Borrower**”); and (ii) Nordic Trustee Oy (“**we**”, “**us**” or “**Agent**”) (“**Notice**”).

Capitalized terms used in this letter shall have the same meaning as ascribed to them under the TCs unless otherwise stated or evident from the context.

#### **STATUS UPDATE**

This is to inform you that we have received the Notice from the Senior Lender on 18 May 2020. According to the Notice, the Borrower has defaulted in making certain payments under the Senior Loan Agreement. According to the Senior Lender, such payment default has constituted a Material Event of Default under the Intercreditor Agreement. Further, as the Material Event of Default is continuing, for example no payments by the Issuer to the Bondholders of Interest under the Bonds may be made as per Section 6.1.1(c) of the Intercreditor Agreement. In addition, the Senior Lender has (pursuant to Section 3.3 of the Intercreditor Agreement) the right to take any Enforcement Action (as defined in the Intercreditor Agreement) without consulting any other party.

We note, however, that even though a payment default under the Senior Loan Agreement has occurred, the amount of defaulted payment is less than EUR 500,000.00 and, thus, **no** cross-default under Section 17.4 of the TCs has occurred.

**NORDIC TRUSTEE OY**

as Agent and Security Agent